

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)**  
**FEED INSPECTION ADVISORY BOARD MEETING**  
**Sacramento, California**  
**October 20, 2005**

**MINUTES**

**MEMBERS**

Thomas Geary  
Fred Frost  
Thomas Prokop  
Jon Tollenaar  
John Walth  
Michael Koewler

**CDFA**

Asif A. Maan  
Nate Dechoretz  
Kent Kitade  
Steven Siegel  
Mike Davidson  
Dale A. Rice  
Agyeman Danquah

**INTERESTED PARTIES**

Rich Matteis, California  
Grain & Feed Association

**ITEM 1: CALL TO ORDER**

The meeting was called to order at 10:05 a.m.

**ITEM 2: INTRODUCTIONS AND ANNOUNCEMENTS**

Chairman Tom Geary welcomed everyone to the meeting. Self-introductions were then made. A quorum was established at 10:10 a.m. Board members Rob Gilbert, Kurt Hertlein, and Paul Parreira were not present at the meeting.

**ITEM 3: APPROVAL OF MINUTES**

Tom Geary asked the board members to review the minutes of the June 7, 2005, meeting.

**MOTION:** A motion was made by Jon Tollenaar to accept the minutes as written. Thomas Prokop seconded. Motion passed unanimously.

**ITEM 4: DIVISION/BRANCH UPDATE**

Asif A. Maan, Ph.D., Branch Chief of the Feed, Fertilizer and Livestock Drugs Regulatory Services (FFLDRS) Branch introduced Inspection Services Director Nate Dechoretz to the Board, and gave a brief background of his career prior to his appointment as Inspection Services Director.

Inspection Services Director Nate Dechoretz updated the Board on division and departmental issues, focusing on the Center for Analytical Chemistry reorganization and the Information Technology (IT) restructuring within the Division and CDFA. Director Dechoretz, citing his open-door policy, invited board members to phone or drop by his office at any time.

### **ITEM 5: FIAB SUBCOMMITTEE REPORT**

Board Chairman Thomas Geary reiterated that the purpose of the Subcommittee was to find options in feed program revenue enhancements, and find a more equitable fee structure for everyone manufacturing or distributing livestock feed in California.

The Subcommittee analyzed and reported on feed inspection funding from other states, focusing on the Texas model, which seemed to provide a more equitable fee structure.

Kent presented to the Board the Subcommittee's recommendation of three scenarios to enhance revenue and equitably distribute the feed program's tonnage assessments:

- Item No. 1 - Manufacturer responsible for inspection fees
- Item No. 2 - Manufacturer/Merchandiser responsible for inspection fees
- Item No. 3 - Manufacturer/Merchandiser/Mill responsible for inspection fees

In addition, the Subcommittee recommended increasing license fees from \$50 to \$250 - \$300 per year. Kent shared with the Board the projected fiscal impact on program revenue from each of these scenarios. Discussion ensued on the merits of the three inspection fee scenarios. Thomas Geary noted that besides the revenue aspects of each scenario, and spreading out the costs over all parties involved, California would have a better idea of what is being moved into the state. Rich Matteis stated he would present to the CGFA Board the licensing fee change and Texas revenue model proposals for their recommendation prior to any legislative process.

**MOTION:** A motion was made by John Walth to accept the recommendations/concepts of the FIAB Subcommittee with regards to raising the licensing fee and using the Texas model of revenue after the CGFA Board reviews and makes its recommendations. Final approval of the recommendation will be voted on at the February 9, 2006 meeting. Mike Koewler seconded. The motion passed unanimously.

Since the feed program will need immediate steps to offset month-to-month costs and provide for an adequate reserve, Branch Chief Asif Maan requested the Board approve an increase in tonnage tax assessments to \$0.14. Thomas Prokop asked staff what impact the \$0.13 tonnage tax increase has had on the Program's revenue and reserve, noting that no financial information was included in board member's packets. Based on information provided from the Department's Financial Services Budget Report, Branch Chief Asif Maan stated that the \$0.13 tonnage assessment would only increase revenue by \$150,000 for fiscal year 05/06. Branch Chief Asif Maan reported that the budget, including the SAFE Program, based from this report, was \$2.4 million. John Walth expressed concern over the apparent budget increases.

Kent Kitade noted that actual tonnage tax reported in fiscal year 04/05 was based on 14.8 million tons, as well as feed licensees dropping to 1850. Discussion ensued on the prior approved budget, program/budget increases, and tonnage tax adjustments.

**MOTION:** A motion was made by John Walth to increase the tonnage tax from \$0.13 per ton to \$0.15 per ton, effective October 1, 2005. Jon Tollenaar seconded. The motion was passed unanimously.

Kent Kitade provided information indicating the possible underreporting of tonnage. Thomas Prokop suggested the need for audits conducted by the Program. He also suggested the Program send out a general notice regarding audits, explaining the laws and regulations, tonnage tax system, and the auditing process. Branch Chief Asif Maan directed Mike Davidson to draft a letter in this regard. There will be a follow-up discussion of this issue at the next meeting.

#### **ITEM 6: FDA BSE PROPOSED SAFEGUARDS UPDATE**

Kent Kitade reported on FDA's proposal to amend its animal feed regulations to prohibit from use in the food or feed of all animals certain high-risk cattle materials that can potentially carry the BSE-infectious agent. Discussion ensued among the board members regarding the proposed rule changes; notably Mike Koewler's concern over Item # 3 (brain and spinal cord removal) and its impact to the dairy and rendering industry.

Kent also briefed the Board on the Sanitary Food Transportation Act of 2005, enacted by Congress earlier this year, which requires FDA to develop, implement, and enforce, regulations governing the sanitation of rail and truck conveyances used to transport food, feed, and other agricultural products.

Mike Davidson reported on the AAFCO meeting held July 29, 2005 through August 1, 2005, in St. Petersburg, Florida. Mike discussed the proposed FDA changes to regulations for the manufacturing of feed that would encompass all feeds and all feed ingredients, and provide for additional record keeping provisions. Although FDA has no formal proposal at this time, Mike stated that currently AAFCO is also working on a similar proposal/document geared toward a record-based monitoring process. In addition, Mike stated that an AAFCO subcommittee would be meeting later this month to address this issue.

#### **ITEM 7: CENTER FOR ANALYTICAL CHEMISTRY UPDATE**

Stephen Siegel reported the Center for Analytical Chemistry (CAC) updates for Dr. Mark Lee. Stephen discussed the CAC's reorganization, sharing with the Board the efforts undertaken to increase sample turnaround efficiency and cross-utilization of staff.

Re-test analysis and their associated costs were discussed. Thomas Prokop stated that re-test costs should be passed on to the violators, as a means to offset budget expenses. Thomas Prokop suggested the re-test policy be addressed at the next board meeting in February 2006. Branch Chief Asif Maan agreed to place the item on the agenda, as well as bring re-test data for the Board's review and analysis.

#### **ITEM 8: LEGISLATIVE UPDATE**

Rich Matteis from CGFA reported that there were no bills specific to the feed laws at this time. However, Rich discussed with the Board two bills regarding interceptor grease: AB1065 (passed by the legislature), sponsored by the rendering industry; and AB1333, a similar bill not making it through the legislature. However, Rich stated the bill mostly likely would be reintroduced and signed into law next year by the Governor.

#### **ITEM 9: ADDITIONAL ITEMS/NEXT MEETING**

Additional items:

Thomas Prokop reported cottonseed coming into California from Arizona with high levels of aflatoxin and asked that the Branch become diligent in its inspections.

Items for the next board meeting:

- Increasing the tonnage tax cap to \$0.20 per ton.

The next board meeting is scheduled for February 9, 2006, at 10:00 a.m. at the California Farm Bureau Federation, 2300 River Plaza Drive, Sacramento, California.

#### **ITEM 10: ADJOURNMENT**

Meeting adjourned at 12:25 p.m.

Respectfully submitted by,

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Asif A. Maan, Ph.D., Branch Chief  
Feed, Fertilizer, and Livestock Drugs Regulatory Services  
Inspection Services

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Date

AAM/dr